



U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS

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AUGUST 2007 QUARTERLY REFUNDING STATEMENT

WASHINGTON - We are offering \$22.0 billion of Treasury securities to refund approximately \$62.6 billion of privately held securities maturing on August 15 and to pay down approximately \$40.6 billion. The securities are:

- A new 10-year note in the amount of \$13.0 billion, maturing August 15, 2017;
- A new 29 ³/₄ year bond in the amount of \$9.0 billion, maturing May 15, 2037.

These securities will be auctioned on a yield basis at 1:00 PM EDT on Wednesday, August 8, and Thursday, August 9, respectively. Both auctions will settle on Wednesday, August 15. The balance of our financing requirements will be met with weekly bills, monthly 2-year and 5-year notes, the September 10-year note reopening, and the October 10-year and 5-year TIPS reopenings. Treasury also is likely to issue cash management bills in early September.

Debt Subject to the Limit

Treasury has begun the process of working with Congress to promptly pass legislation to raise the debt ceiling, currently forecast to be reached in early October. However, Treasury market participants should be prepared for possible delays in the auction schedule if Congress does not enact legislation to raise the debt limit in a timely manner.

Securities issued during the August quarterly refunding will not be affected by debt limit constraints. All securities auctioned during the current quarterly refunding will settle as normal on August 15, 2007.

Cash and Debt Management Modernization

As noted in our May refunding announcement, as well as in comments made by Treasury recently, Treasury places great importance on maintaining a highly liquid and efficient government bond market.

As part of ongoing efforts to enhance the efficiency of debt management operations, reduce risks and lower borrowing costs, we are examining ways to enhance our cash and debt management practices. We will also seek to enhance business continuity functions, existing risk management systems, and other activities associated with our operating procedures.

Treasury welcomes additional recommendations and comments for enhancing the infrastructure and tools necessary in managing the preeminent government bond market in the world.

Other Policy Matters Under Consideration

Lowering the Minimum Denomination in Treasury Auctions

Treasury is considering lowering the minimum denomination in Treasury auctions to \$100 from \$1,000. This change would put Treasury securities within the reach of all individual investors. In addition, such a change would broaden distribution, helping to reduce the costs and risks of debt issuance and increase access to Treasury securities for all individuals regardless of income level.

The minimum purchase amount for Treasury bills, notes, and bonds has been \$1,000 since 1998.

Please send comments and suggestions on these subjects or others relating to Treasury debt management to debt.management@do.treas.gov.

The next quarterly refunding announcement will take place on Wednesday, October 31, 2007.